

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF NEW YORK

In re:

CENTERSTONE LINEN SERVICES, LLC,
ATLAS HEALTH CARE LINEN SERVICES CO., LLC,
ALLIANCE LAUNDRY & TEXTILE SERVICE, LLC,
ALLIANCE LAUNDRY AND TEXTILE SERVICE OF
ATLANTA, LLC, and
ALLIANCE LTS WINCHESTER, LLC
*d/b/a Clarus Linen Systems*¹,

Debtors.

)
)
) Case Nos.
) 18-31754 (main case)
) 18-31753
) 18-31755
) 18-31756
)
) 18-31757
)
) Chapter 11 Cases
) Jointly Administered
)
)

**NOTICE CLARIFYING BIDDING PROCEDURES FOR THE SALE OF
SUBSTANTIALLY ALL ASSETS OF ALLIANCE LAUNDRY & TEXTILE
SERVICE, LLC, d/b/a CLARUS LINEN SYSTEMS**

On January 15, 2019, the Bankruptcy Court entered an *Order Pursuant to Section 363 and 105 of the Bankruptcy Code: (A)(1) Setting Deadline and Approving Requirements and Procedures for Interested Parties to Submit Competing Bids for Substantially All Assets of Debtor Alliance Laundry & Textile Service, LLC d/b/a Clarus Linen Systems; (2) Approving Form of Purchase Agreement; (3) Scheduling an Auction; (4) Setting Hearing Date to Approve Sale of Assets to Successful Bidder; and (5) Approving Procedures With Respect to the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases; and (B) Approving Form and Manner of Notice* (the “**Bidding Procedures Order**”) pursuant to which it approved, among other things, the form of Asset Purchase Agreement submitted by stalking horse bidder Crown Health Care Laundry Services, LLC (“**Crown**”) for certain assets located at Alliance’s Spartanburg, South Carolina and Albany, Georgia operations (the “**Purchased Assets**”). Appended to the Asset Purchase Agreement is Appendix 1.1(b), setting forth the “**Excluded Assets**” under the proposed transaction with Crown. A copy of Appendix 1.1(b) is attached hereto.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Centerstone Linen Services, LLC d/b/a Clarus Linen Systems (5594) (“Centerstone”); Atlas Health Care Linen Services Co., LLC d/b/a Clarus Linen Systems (2681) (“Atlas”); Alliance Laundry & Textile Service, LLC d/b/a Clarus Linen Systems (8284) (“Alliance”); Alliance Laundry and Textile Service of Atlanta, LLC d/b/a Clarus Linen Systems (4065) (“Atlanta”); and Alliance LTS Winchester, LLC d/b/a Clarus Linen Systems (0892) (“Winchester”).

PLEASE BE ADVISED that, pursuant to paragraph 22(j) of the Bidding Procedures Order and its Reservation of Rights under the Bidding Procedures, Alliance hereby clarifies the Bidding Procedures and advises that, in addition to accepting Qualified Bids for the Purchased Assets, Alliance will accept Qualified Bids for the Excluded Assets.

Qualified Bidders may submit separate Bids for (i) all Purchased Assets; (ii) one or more Excluded Assets; (iii) the Atlanta PP&E; or (iv) the Atlanta PP&E and one or more Excluded Assets; provided, however, that a Bid for all Purchased Assets may not be combined or aggregated with a Bid for the Atlanta PP&E or one or more Excluded Assets to constitute a higher or otherwise better Bid for the Purchased Assets than the Bid of Crown or any competing Qualified Bidder solely for the Purchased Assets. In accordance with the approved Bidding Procedures, the deadline for the submission of Qualified Bids is **12:00 noon (prevailing Eastern Time) on February 4, 2019**. In the event Alliance receives more than one Qualified Bid for (i) all Purchased Assets; (ii) one or more Excluded Assets; (iii) the Atlanta PP&E; or (iv) the Atlanta PP&E and one or more Excluded Assets, an Auction Sale for any category of Assets that draws competing Qualified Bids will be conducted at **10:00 a.m. (prevailing Eastern Time) on February 7, 2019** at the offices of Bond, Schoeneck & King, PLLC, One Lincoln Center, Syracuse, New York 13202.

The Starting Qualified Bid for the Atlanta PP&E shall be \$300,000.00. In the event more than one Qualified Bid is received for the Atlanta PP&E and an Auction Sale is conducted, each Qualified Bidder present at the Auction Sale will be permitted to increase its Bid for the Atlanta PP&E by increments of at least \$5,000.00.

All Bidding Procedures not modified herein shall remain as approved by the Court in the Bidding Procedures Order. Copies of the Bidding Procedures and Bidding Procedures Order may be obtained by contacting Alliance's counsel: Bond, Schoeneck & King, PLLC, Attn: Camille W. Hill, Esq.; chill@bsk.com, (315) 218-8627 or Alliance's investment banker SSG Advisors, LLC, Attn: Robert C. Smith at rsmith@ssgca.com, Tel. (610) 937-2359 or Michael S. Goodman at mgoodman@ssgca.com, Tel. (610) 940-5806.

Dated: January 28, 2019
Syracuse, New York

BOND, SCHOENECK & KING, PLLC

By: /s/ Camille W. Hill
Stephen A. Donato, Esq., Bar Roll No. 101522
Camille W. Hill, Esq., Bar Roll No. 501876
Office and Post Office Address:
One Lincoln Center
Syracuse, New York 13202
Tel: (315) 218-8000
Facsimile: (315) 218-8100
Email: sdonato@bsk.com
chill@bsk.com

APPENDIX 1.1(b)

Excluded Assets

1. The Excluded Agreements, including, without limitation, the following Contracts:
 - (a) Linen Service Agreement with Board of Regents of the University System of Georgia on behalf of the Georgia State University-Georgia State University Student Health Clinic dated July 1, 2018;
 - (b) Linen Service Agreement with Hospice of the UpstatLine, Inc. dated January 15, 2016;
 - (c) Contract with United States of America for linen services at Martin Army Community Hospital, Fort Benning Georgia dated September 13, 2016, Modified as of December 14, 2017;
 - (d) Linen Service Agreement with Mary Black Health System LLC dated July 17, 2013;
 - (e) Contract with United States of America for linen services at Moncrief Army Health Clinic, Fort Jackson, South Carolina dated May 1, 2018;
 - (f) Contract with United States of America for linen services at Moody Air Force Base, Georgia dated October 1, 2018;
 - (g) Laundry Service Agreement dated September 1, 2103 and Participating Hospital Agreement dated October 8, 2913 with Northeast Georgia Hospital System;
 - (h) Linen Service Agreement with Regional Medical Center of Orangeburg and Calhoun Counties d/b/a Regional Medical Center dated August 1, 2018;
 - (i) Cooperative Agreement with Industry with Wiregrass Rehabilitation Center, Inc. dated April 5, 2017;
 - (j) Linen Service Agreement with Wellstar Health System, Inc. dated April 1, 2016;
 - (k) Service Agreement with Summit Orthopaedic Surgery Center dated March 1, 2011;
 - (l) Contract No. VA247-17-D-0138 with United States of America for linen service to the Veterans Administration, Augusta, Georgia dated August 1, 2017;
 - (m) Contact No. W81K00-14-C-0096 with the United States of America for linen service at Martin Army Community Hospital, Fort Benning, Georgia dated October 1, 2014;

- (n) Contract 1, No. W91YTZ-17-P-0286 with the United States of America for linen service at Moncrief Army Health Clinic, Fort Jackson, South Carolina dated May 1, 2017;
 - (o) Contract No. FA4830-16-C-0007 with the United States of America for linen service at Moody Air Force Base Clinic, Georgia dated October 1, 2016; and
 - (p) Contract No. W91YTZ-19-P-0014 with the United States of America for linen service at Moncrief Army Health Clinic, Fort Jackson, South Carolina dated November 1, 2018;
- 2. Cash and cash equivalents (whether on hand or in banks);
 - 3. Seller's trade receivables and other accounts and notes receivable;
 - 4. Stocks, bonds or other securities of Seller;
 - 5. All employee benefit plans of any kind and nature whatsoever;
 - 6. Any non-transferrable Permits;
 - 7. Insurance policies;
 - 8. The following pre-paid expenditures and security deposits (together with any right to refunds thereof):
 - (a) 2018 sales tax estimate in the amount of \$5,480.09 paid to the Georgia Department of Revenue;
 - (b) Accrued expenses of \$13,632.45 paid to the Cities of Spartanburg, Anderson, and Greenville for 2018 business licenses; and
 - (c) Security deposit of \$42,500 paid pursuant to the Atlanta Lease.
 - 9. Any rights to refunds from any insurance policies;
 - 10. All rights to or claims for refunds, overpayments or rebates of taxes;
 - 11. All actions arising under chapter 5 of the Bankruptcy Code with respect to the Purchased Assets;
 - 12. the Atlanta Lease;
 - 13. the Seller Permits applicable to the Atlanta Facility;
 - 14. the Atlanta PP&E (subject to Seller's option in Section 1.1(c));

15. Personnel, business and other records that Seller is required by law to retain in its possession, or which relate to any avoidance actions under the Bankruptcy Code, and all corporate seals, minute books, charter documents, membership transfer records, record books, original tax and financial records and such other files, books and records relating to the Excluded Assets or the organization, existence or capitalization of Seller; and
16. Seller's rights under the Agreement.